

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE BUREAU OF AGRICULTURAL ECONOMICS,
UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

January 2, 1923

Vol. 1, No. 1

STATISTICS REGARDING COOPERATION IN FIVE STATES

Figures indicating the amount of business done in 1921 by 1647 farmers' cooperative marketing associations in Illinois, Iowa, Kansas, Minnesota and Nebraska have been tabulated. The total business for all the associations was \$237,309,000. The number of associations for which information has been tabulated for each of the five states, the amount of business done by the associations in each state, and the average amount of business per association for the states is as follows:

<u>State</u>	<u>Number of Associations</u>	<u>Total Amount of Business</u>	<u>Average Amount of Business</u>
Minnesota	560	\$ 59,935,000	\$107,025
Iowa	402	35,405,000	137,823
Illinois	252	36,319,000	144,916
Nebraska	226	42,288,000	187,115
Kansas	207	43,162,000	208,512
Total	1647	237,309,000	144,085

In Minnesota the local cooperative creamery and cheese factory is the most important type of enterprise among the cooperative marketing associations for which figures have been tabulated.

In Nebraska, Kansas and Illinois the grain marketing associations are the most numerous while in Iowa grain marketing, the marketing of dairy products and the marketing of live stock rank in the order given. The number of associations marketing the different commodities in the five states are as follows:

	<u>Grain</u>	<u>Dairy Products</u>	<u>Live Stock</u>	<u>Other Products</u>	<u>Total</u>
Minnesota	115	317	97	31	560
Iowa	150	121	119	12	402
Illinois	175	3	64	10	252
Nebraska	206	6	12	2	226
Kansas	190	2	13	2	207
	336	449	305	57	1647

The amount of sales for the different products for the different states is as follows:

(In thousands, i.e. 000 omitted)

	<u>Grain</u>	<u>Dairy Products</u>	<u>Live Stock</u>	<u>Other Products</u>	<u>Total</u>
Minnesota	\$ 17,687	\$31,186	\$ 9,215	\$1,847	\$ 59,935
Iowa	27,760	11,557	15,324	754	55,405
Kansas	42,334	23	732	23	43,162
Nebraska	39,227	1,529	1,279	253	42,288
Illinois	<u>30,415</u>	<u>20</u>	<u>5,727</u>	<u>357</u>	<u>36,519</u>
Total	157,473	44,315	32,277	3,244	237,309

The average amount of business for the 1647 associations was \$144,085. The number of associations, total amount of business for 1921 and average amount of business for each type of selling association was as follows:

<u>Commodity</u>	<u>Number of Associations</u>	<u>Total amount of business done in 1921</u>	<u>Average amount of business per association</u>
Grain	836	\$157,473,000	\$183,354
Dairy Products	449	44,315,000	93,697
Live Stock	305	32,277,000	105,826
Other Products	<u>57</u>	<u>3,244,000</u>	<u>56,912</u>
Total	1,647	237,309,000	144,085

In addition to information regarding the 1647 marketing associations in the five states figures have been tabulated for 113 farmers buying (or retailing) associations. These organizations did a total business of \$7,002,000, or an average business of \$61,964 per association.

The total number of both marketing and buying associations in the five states for which the figures have been tabulated is 1760 and the total amount of business done in 1921 was \$244,311,000. In the case of 333 of the total number of associations figures representing the amount of business done in 1913 and in 1921 are available. The same 333 associations did but 59 per cent more business in 1921 than in 1913 and this with the general price level for farm products 24 per cent higher in 1921 than in 1913.

The number of associations for which reports as to the volume of business done in various years and in 1921, and the percentage increase which the 1921 figures show over the previous years are as follows:

<u>Number of Associations</u>	<u>Year</u>	<u>Total Business for year indicated</u>	<u>Total 1921 Business</u>	<u>Percentage Increase</u>
333	1913	\$31,393,000	\$51,002,000	59.89
332	1914	36,274,000	49,228,000	35.71
133	1915	12,411,000	17,058,000	37.44
235	1916	30,575,000	41,868,000	36.93
221	1917	43,997,000	46,190,000	4.98

The number of the associations incorporated, having capital stock, made up entirely of producers, and the number paying patronage dividends, and the amount of business for each group is shown below, also the percentage that each group of figures is of the total:

	Number of Associations	Per Cent of total Associations	Amount of Business	Per Cent of total Business
Total for all associations	1760	100.0	\$244,311,000	100.0
Associations incorporated	1665	94.6	226,155,000	92.5
Associations with capital stock	1539	87.4	214,576,000	87.8
Associations of all Producers	1249	70.9	152,507,000	62.4
Associations with patronage dividends	1206	68.5	167,413,000	68.5

----O----

MINNESOTA COOPERATIVE CREAMERIES COOPERATE.

The 345 member creameries of the Minnesota Cooperative Creameries Association, Inc., St. Paul, Minn., employ 16 field men to assist their butter makers to secure an improved product. These creameries shipped 70 cars a week during May, June, and July, and 62 cars a week during August. A sales and traffic office is maintained by the association in New York City. The New York office handles the usual details with regard to sales, market reports, routing and diverting cars, auditing freight bills, filing loss and damage claims, and, in addition, inspects shipments on arrival and reports their condition to the shippers. The association has been instrumental in having the per stop loading charge reduced from \$0.30 to \$2.30 by the railroads. This reduction, it is estimated, will save members of the association \$1,000 a week.

----O----

FARMERS' UNION TO DISTRIBUTE OVER \$60,000

Already there is more than \$62,000 in the 1922 refund account of the Farmers' Union Live Stock Commission of South St. Joseph, Mo. The refund for 1921, which was made to patrons early in 1922, amounted to \$44,912.42. This was on 4,813 cars of live stock. Up to November 1, 5,714 cars of live stock had been sold during 1922.

WASHINGTON CONFERENCE OF OFFICIALS OF MARKETING ASSOCIATIONS

Representatives of farmers' marketing associations in thirty-five States, attended the first conference of the National Council of Farmers' Cooperative Marketing Associations in Washington, D. C., December 14, 15 and 16. While the conference had been called particularly to consider the subject of credit for marketing purposes, many related subjects were discussed. Judge Robert W. Bingham, of Louisville, Ky., representing the tobacco-marketing associations, acted as chairman of the conference; Carl Williams, Oklahoma City, Okla., representing the cotton associations, was vice-chairman; and Charles M. Morgan, Dallas, Texas, was secretary.

The "key-note" address was delivered by Aaron Sapiro. Other addresses were by the Secretary of Agriculture, the Secretary of Commerce, Senator Arthur Capper, representatives of the Grange, the Farmers' Union, the Farm Bureau Federation, the War Finance Corporation, the Federal Reserve Board, the Canadian Department of Agriculture and a score of marketing associations.

Resolutions were adopted regarding rural credits, merchandising, freight rates, filled milk, and permanent organization. Those pertaining to rural credits included: a modification of the Federal Reserve system to care for agricultural paper with a maturity of 9 months; a change in the maximum limit of loans from Federal Land Banks from \$10,000 to \$25,000; the establishment of a farm credits department in the Federal Land Banks system; and authorization of the credits department to discount or purchase agricultural paper and to make loans or advances directly to cooperative marketing associations.

In regard to merchandising it was recommended packages of imported food products be marked with (1) the name and nature of contents, (2) country of origin, and (3) date of original packing. It was also resolved that all cooperatives aid in educating consumers as to the benefits of cooperation.

The resolutions on permanent organization provided for the continuance of the temporary organization of the National Council of Farmers' Cooperative Marketing Associations until May 1, 1923, and the appointment of a committee of fifteen to prepare and submit to the cooperative associations of the country plans for a nation-wide organization. The committee of fifteen is as follows:

Chairman, Robert W. Bingham, Louisville, Ky., Director-at-large,
Burley Tobacco Growers' Cooperative Association.

- Vice-Chairman, Carl Williams, Oklahoma City, Okla., President, American Cotton Growers' Exchange.
- Vice-Chairman, Milo D. Campbell, Coldwater, Mich., President, National Milk Producers' Federation.
- H. G. Coykendall, San Jose, Calif., Manager, California Prune and Apricot Growers.
- J. H. Barber, San Francisco, Calif., General Manager, Pacific Egg Producers.
- John D. Miller, Utica, N. Y., Vice-President, Dairymen's League Cooperative Association, Inc.
- E. M. dePoncier, Norfolk, Va., Sales Manager, Peanut Growers' Association.
- Aaron Sapiro, New York City, Council for Cooperatives.
- C. H. Foss, Fort Fairfield, Maine, Maine Potato Growers' Exchange.
- B. E. Chaney, Stuttgart, Ark., President, Arkansas Rice Growers' Cooperative Association.
- B. W. Kilgore, Raleigh, N. C., Extension Director, North Carolina State College of Agriculture.
- George C. Jewett, Portland, Ore., General Manager, Northwest Wheat Growers Associated.
- Howard Leonard, Chicago, Ill., President, Illinois Agricultural Association.
- C. A. Norwood, Goldsboro, North Carolina, President, Tobacco Growers' Cooperative Association.
- Dan A. Wallace, St. Paul, Minn., Editor, The Farmer.

-----O-----

COOPERATION IN AZERBAIJAHN

Azerbaijahn is a little republic in the Trans-Caucasus on the western shore of the Caspian Sea, with the world-famous oil city of Baku for its capital. At the beginning of 1922, among a population of 2,000,000, there were 220 consumers' stores in city and country districts. The Union of Azerbaijahn Cooperative Societies, known briefly as the "Az-soyus," federated 70 stores, the majority of which were in the oil fields, and 13 located in the villages. The Union had a working capital of 1,010,977 gold roubles. It marketed local agricultural products, cotton, wool, furs, silk, through its six branches and two agencies, which the Union exported abroad through the port of Batum. It had its own foreign agencies in Persia, Constantinople, and Moscow, although by agreement with the Russian cooperative federation, "Centro-Soyus," its trading in Western Europe was conducted through the offices of the latter. The Union owned small factories for the manufacture of soap, macaroni, candy, preserves, and smoked fish. It had credit in the Azerbaijahn State Bank. It published two papers, the "Azerbaijahn Cooperation" in the Russian, and "Birlik" (Unity) in the vernacular. (From "The Union of Consumers," No. 6, March 10, 1922. p. 13-14).

FOUR THOUSAND MINNESOTA MILK PRODUCERS COOPERATE

At the annual meeting of the Twin City Milk Producers' Association in St. Paul, on November 6, President W. F. Schilling, in speaking of the agricultural situation said: "The demand of the times, as never before, is for men, both in business and political life, who are big enough to see our condition, honest enough for us to rely on them, and with backbone enough to fight for our rights and to take defeat rather than to sacrifice a principle."

The Twin City Association began business in April of 1917. To-day it has over 4,000 members, in a territory that is 80 miles long by 60 miles wide; is operating thirteen plants valued at over \$400,000; and is making sales of dairy products to the amount of \$4,000,000 a year. The products sold include whole milk, at wholesale and retail, skim milk, sweet cream, milk-powder, condensed milk, butter, cheese, casein, and ice cream. Whole milk is supplied to thirteen large milk distributors. Butter is made in seven of the thirteen plants and cheese in six. Two plants are equipped for condensing milk and a third plant is now being rebuilt and equipped for making sweetened, condensed, skim milk.

During the summer of 1922 sweet cream was shipped successfully to Philadelphia and Harrisburg, Pa.; Fargo, N. Dak.; and Winnipeg, Can. The amount of business done during the past five years is indicated by the following figures:

	Total Sales	Lbs. Milk Handled	Lbs. Cream Handled	Lbs. Butter Sold	Lbs. Cheese Sold
1918	2,105,183	72,598,801	912,986	168,557	951,648
1919	3,113,403	88,217,181	1,298,834	371,128	1,734,298
1920	3,410,943	97,303,379	2,098,150	743,024	664,710
1921	3,796,807	147,031,313	2,262,608	1,705,593	1,260,749
1922*	2,750,064	112,829,976	2,674,948	1,537,673	628,452

*Eight months only.

The Association does collective purchasing for its members, buying at carload prices such items of equipment as milk cans, strainers, stirrers, etc. The association retains its legal talent by the year, maintains a sales department, a credit department, a purchasing department, a field department, a testing department, as well as a plant operating department. It owns the dwellings occupied by five of its plant managers.

The cost of receiving, processing, and marketing the milk of its 4,000 members is about 17¢ per 100 pounds. The central office expenses, which include rent, manager's salary, executive committee expenses, printing, testers, field workers, etc., have been slowly dropping as the volume of business has increased. In 1918 these expenses amounted to 9.3¢ per 100 lbs. of milk; in 1919, 9.5¢; in 1920, 8.7¢; in 1921, 6.5¢; and in 1922 (eight months), 5.4¢.

The complete reports of the officers of this company for the last business year are printed in the Twin City Milk Producers' Bulletin for November, 1922.

REVIVAL OF THE RUSSIAN WHOLESALE "CENTRO-SOYUS"

The Centro-Soyus, which means the Central Union, is the name of the national wholesale cooperative society of Russia, a federation of 107 provincial and regional unions; which in their turn represent 704 small district consumers' unions, affiliating 24,559 consumers' societies, with their 46,963 distributing stores. The vast majority of these stores and unions are rural in character. The national Centro-Soyus collects country products for distribution in the towns, and supplies the villages with farm requisites, from implements, seeds and fertilizers, down to nails, cotton cloth, and kerosene lamps.

On September 1, 1921, when the Centro-Soyus regained its independence from government control and resumed its trading activities, its merchandise was valued at 1,400,000 pre-war gold roubles. In July, 1922, its merchandise stocks amounted to 24,250,000 gold roubles, of which 60% represented goods consigned to it by its member unions. In other words, the Russian cooperative wholesale is quickly recovering the position it held before nationalization by Soviet authorities. The following quotation, coming as it does from a government newspaper, the "Economic Life" of October 15, is a tribute to the energy and business initiative of Russian cooperation:

The absolutely true and incontrovertible fact is, that whereas nearly all State enterprises have during 1922 placed their dependence to a very considerable degree, if one may say so without hurting their feelings, on government support, making use of open or secret subsidies, the consumers' cooperatives have enjoyed no grants, open or secret.

The writer then proceeds to point out that not only is the Centro-Soyus liable to a tax of 16% on its business turnover and an additional 1% for popular political education, but that its credit at the State Bank as compared with other enterprises is "extremely moderate." The author calls attention to the dangers of the business tax, the obstacles in the way of accumulating working capital, and while praising cooperative vigor and achievement, declares openly that the tax burdens would tend to place private capital "in positions of advantage."

-----C-----

TWO NEW PLANTS FOR HANDLING CALIFORNIA FRUITS

Dinuba, Calif., observed Columbus Day, October 12, by turning out in full force to celebrate the opening of two new plants for handling the fruit raised in that vicinity. The Sun-Maid Raisin Growers and the California Peach and Fig Growers on that day threw open for inspection their plants recently completed at the cost of a quarter million dollars each. The plant of the Peach and Fig Growers provides for canning as well as for drying fruit. Local organizations and hundreds of growers and business men visited the new buildings and attended the exercises held in honor of the occasion.

OVER FOUR MILLION DOLLARS FOR HOGS

During the four years ending October 1, 1922, 179,224 hogs, 2,175 carloads, were sold at auction for \$4,478,410.06 by the California Farm Bureau Marketing Association. The hogs were sold at 699 sales in seven counties. For the year ending October 1, 1922, 184 sales were held at 15 points in six counties and a total of 43,204 hogs belonging to 3,553 consignors were sold for \$754,247.44. The top price for the year was \$12.05 per cwt. at Visalia and Hanford.

These sales are arranged and announced far in advance. A large calendar is issued showing when and where sales are to be held. Each place usually holds its sales on a certain day of the week, for instance, the Tulare sales are on Tuesdays, the Visalia sales are on Wednesdays, the Hanford sales on Thursdays, and so on. At some points but one sale a month is held, while at others two sales a month are arranged. There are local managers for the different sales and a number of auctioneers are employed, each of whom has his work scheduled for the year. The average number of hogs per sale for the four-year period was 256.

----O----

ORANGES BY THE GALLON

During the year ending October 31, 1922, the California Fruit Growers' Exchange manufactured and sold 5,260 "Sunkist" Electric Fruit Juice Extractors to soda fountains, according to the report of the General Manager, recently issued. The Exchange proposes to eliminate the orange and lemon substitutes, made synthetically or from preserved concentrates, which are now offered the public at the majority of soda fountains. "The soda fountains of the country, numbering over 60,000, are practically an untouched market for oranges and lemons, and the development of this large and important field has awaited the perfection of a practical device for quickly and conveniently extracting the juice from oranges and lemons to meet the demands of a fountain service."

----O----

NEW ORGANIZATION OF MAIN POTATO GROWERS

"The Potato Grower," Caribou, Me., is the official organ of a new association to be known as the Maine Potato Growers' Exchange. The membership campaign for this organization has just begun. It is expected that 4,000 to 5,000 growers will sign the five-year contracts and ship through the exchange at least 15,000,000 to 20,000,000 bushels of the 1923 crop. If the anticipated tonnage is secured the organization will be the largest potato selling agency in the United States. The Federal Land Bank at Springfield, Mass., has approved the plan and expressed its willingness to loan \$10,000,000 to farmers in the territory, if marketing conditions are stabilized through its adoption.

PRODUCERS' MILK COMPANY REDUCES PRICES TO PUBLIC

The Milk Producers' Cooperative Marketing Company, of Chicago, reports that a large number of grocery and other stores have recently contracted with the company to sell its bottled milk at 10¢ a quart and 6¢ a pint, although the prevailing price is 12½¢ a quart.

Because milk dealers refused to purchase milk through the Milk Producers' Cooperative Marketing Company, a plant was opened by the company early in 1922, to care for the milk of its members. At this plant milk is handled according to the latest improved methods. The bottling and capping machines have a capacity of 96 quarts a minute. Butter is made in two electric churns, each with a capacity of 900 pounds, and packed in a cooling room equipped to handle 10 tons of butter every eight hours. Twelve motor trucks are used to distribute the products through the city. The butter is labeled "Producers' Butter."

-----0-----

DISTRIBUTION OF STAPLE COTTON CROP

The Staple Cotton Cooperative Association, Greenwood, Miss., reports that during the season just closed it has received and sold 1,786,565 bales of staple cotton. Of this amount 23,033 bales were sold direct to the eastern district, 25,912 to the Carolina district, and 27,900 bales for export; 72,065 bales went to southern shippers and 3,395 bales were burned in warehouses. Offices are maintained at all compress points in the Yazoo Mississippi Delta; and in the City of Memphis. During the season a representative is stationed at New Bedford, Mass.

It is the policy of the association to improve varieties, to standardize types, to reduce waste, and eventually to render rejections and arbitrations unnecessary in the staple business. During the past season arbitration was necessary in only 15 cases, the total number of bales involved being 387.

-----0-----

COOPERATIVE STANDARDIZATION PAYS

Members of the Frederick County Fruit Growers' Association, Winchester, Va., producing 40,000 barrels of apples, agreed, prior to the opening of the 1922 season, to grade their fruit in accordance with standards adopted by the association. Two inspectors were employed who visited each orchard at least once daily during the harvesting period. Barrels conforming to grade requirements were stamped by the inspectors, and also bore the association's brand, "Valley of Virginia." As the association does not engage in marketing, the sales were made by the growers of the fruit. The first sale of apples packed in accordance with the association's grades was made at \$3 a barrel, or 75¢ above the market price at that time. The cost of inspection was 3¢ a barrel.

TEXAS COTTON ASSOCIATION REPORTS SUCCESSFUL YEAR

The Texas Farm Bureau Cotton Association reports that up to November 26, 73,844 bales of cotton had been delivered to the association, of which, 53,539 bales had been classed. On November 30, a total of \$5,520,513.41 had been paid out to members on their cotton. This included drafts drawn by members when they shipped their cotton; money distributed to members whose cotton had been classed and posted on the ledgers up to November 20, also \$70 a bale on unclassified cotton. On September 1 the first advances were made to members, amounting to \$21,707.67, less amounts previously drawn; on October 1, \$373,593.39 was distributed; on November 1, \$1,205,829.73; and on December 1, \$1,205,627.58, checks for this last distribution being in the mails on the evening of November 29.

-----O-----

COOPERATIVE ASSOCIATION WINS TWO SUITS

The Oregon Growers' Cooperative Association, of Salem, Ore., recently instituted two suits in circuit courts of that State against certain of its members, based on the fact that they were violating their crop contracts. The association was successful in each of these cases. In one of them it obtained a permanent injunction enjoining the member from disposing of loganberries, covered by the contract, outside of the association and in violation of the contract. The other case was compromised and a decree was therein entered requiring the member to perform specifically his contract relating to the sale and delivery of prunes. In each of these cases the association recovered an amount for attorney fees.

-----O-----

COOPERATIVE MARKETING AGREEMENT HELD VALID BY ARIZONA COURT

The cooperative marketing contract of the Arizona Pimacotton Growers was upheld by Judge Frank H. Lyman of the superior court of Arizona, on November 6. The decision was in connection with a suit brought by the Arizona Pimacotton Growers against a member of the association for alleged violation of contract and to restrain him from selling his cotton to any other than the Arizona Pimacotton Growers. An injunction was granted and the demurrer of the plaintiff was overruled.

-----O-----

SYNDICATE TO FINANCE TOBACCO ASSOCIATION

Arrangements have been completed for the formation of a lending syndicate of New England and New York banks to finance the handling and marketing operations of the Connecticut Valley Tobacco Association. The total amount subscribed is \$8,000,000. Forty-seven banks are included in the syndicate, for which the Hartford-Connecticut Trust Company of Hartford is to act as trustee.